



Written Testimony of SolarCity

**In Support of Senate Bill No. 949 – An Act Establishing
Commercial and Industrial Property Tax Exemptions for
Clean Energy Projects**

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Affairs**

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Senator Duff, Representative Reed, and members of the Joint Energy Committee, SolarCity offers this written testimony in support of Senate Bill No. 949 to extend property tax exemptions to non-residential solar energy systems.

My name is Shaun Chapman; I serve as Deputy Director of Government Affairs for SolarCity. We sell renewable energy to our customers at prices below utility rates. We currently serve customers in 14 states, and we intend to expand our footprint internationally, operating in every market where distributed solar energy generation is a viable economic alternative to utility generation. We generate revenue from a mix of residential customers, commercial entities such as Walmart, eBay and Intel, and government entities such as the U.S. Military. We structure these customer agreements as either leases or power purchase agreements. Our lease customers pay a fixed monthly fee with an electricity production guarantee. Our power purchase agreement customers pay a rate based on the amount of electricity the solar energy system actually produces.

We are a leading provider of clean energy services in Connecticut; one of the key policy improvements that allowed SolarCity to do business in Connecticut was the passage of PA 11 – 80. As of the start March 2013, we now employ over 50 Connecticut workers. We offer both solar installation and energy efficiency services to homeowners throughout the country. Through our services, we make it easy for customers to switch to cleaner energy by taking a comprehensive look at our customers' energy usage and identifying opportunities for improvement.

We are pleased to offer this testimony of support for SB 949, as we believe it is in keeping with Connecticut's top-to-bottom strategy for deploying least cost clean energy systems. Public Act 11 – 80 went a long way to encouraging the deployment of these systems,

following up on this bold leadership with the passage of this bill will continue to drive consistent, responsible deployment of cost effective renewable energy.

Speaking directly to solar energy project development, we have found the inconsistent and often very high taxation on solar energy systems to be a barrier to developing good, least cost projects. These barriers are manifested in the following ways:

- **Inconsistent Application of Tax:** No two municipalities address taxation in the same way. This leads to cost of acquisition spikes, and uncertainty in bid proposals.
- **Improper ZREC Bids:** Because a lack of clarity (see previous point) many project developers did not, and may not, appropriately factor in property tax assumptions. This provides a false competitive advantage for those ZREC bid applicants who do not appropriately set tax expectations.
- **High Tax Liability:** There are a number of ideal places in the state of Connecticut to deploy solar, and some better than others. Particularly well-suited are areas with dense populations, and the need for added grid resilience. Quite often these areas are also areas with high mill for property taxes, making them the least likely to win ZREC auctions, assuming property tax has been accounted for.
- **Inconsistent Tax Application:** Our developers have had a difficult time getting clear answers from local authorities on what exactly is to be taxed and at what valuation. This adds further burden and risk to the payback of the project.

In closing, SolarCity would like to express that the aspect of this bill we most strongly support is the consistency of application. We are responsible corporate stewards and we understand that tax revenues for towns and municipalities are critical as the economy continues to recover. To that critical point, if there is an alternative, and fair, mechanism to provide equity and consistency in the state, SolarCity will gladly support that mechanism. However, to date, the full exemption, which has been provided for residential solar systems for years, is a successful and proven path forward.

We thank the committee for their time and leadership in this matter.

Sincerely Yours,



Shaun Chapman Deputy Director, Government Affairs for SolarCity